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SOUTHERN INYO HEALTHCARE DISTRICT

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
FRESNO DIVISION

In re  
SOUTHERN INYO HEALTHCARE  
DISTRICT,  
  
Debtor.

Case No.: 2016-10015  
Chapter 9  
Doc. No.: BH-19

**APPLICATION FOR ORDER SETTING  
HEARING ON SHORTENED NOTICE  
RE EMERGENCY MOTION (1) FOR  
AUTHORITY TO IMMEDIATELY  
TERMINATE HCCA MANAGEMENT  
AGREEMENT OR, IN THE  
ALTERNATIVE, FOR AUTHORITY TO  
MODIFY THE TERMS OF THE HCCA  
MANAGEMENT AGREEMENT IN  
ORDER TO DESIGNATE THE BOARD  
AS THE SOLE SIGNATORY ON ALL  
DISTRICT BANK ACCOUNTS AND (2)  
TO CONTINUE HEARING ON SECOND  
AMENDED DISCLOSURE STATEMENT  
AND ASSOCIATED FILING  
DEADLINES**

Proposed Hearing:  
Date: October 17, 2017  
Time: 2:00 p.m.  
Place: Dept. A, Ctrm. 11  
U.S. Bankruptcy Court  
2500 Tulare Street  
Fresno, CA 93721

1 **TO THE HONORABLE FREDRICK E. CLEMENT, UNITED STATES BANKRUPTCY**  
2 **JUDGE:**

3 SOUTHERN INYO HEALTHCARE DISTRICT (the “District” or “Debtor”), the debtor  
4 in the above-captioned bankruptcy case (the “Bankruptcy Case”), hereby respectfully submits the  
5 within application (the “Application”) to set on shortened notice a hearing on the *Emergency*  
6 *Motion (1) for Authority to Immediately Terminate HCCA Management Agreement or, in the*  
7 *Alternative, for Authority to Modify the Terms of the HCCA Management Agreement in order to*  
8 *Designate the Board as the Sole Signatory on all District Bank Accounts and (2) to Continue*  
9 *Hearing on Second Amended Disclosure Statement and Associated Filing Deadlines* (the  
10 “Motion”).

11 **I. REQUEST FOR RELIEF**

12 Pursuant to Bankr. Local R. 9014-1(f)(3), the District hereby seeks authority to set the  
13 Motion for hearing on shortened notice. The District requests that the Court set the Motion for  
14 hearing on October 17, 2017, at 2:00 p.m.

15 The District respectfully submits that cause exists to set the Motion for hearing on  
16 shortened notice. At present, the operational and financial aspects of the District are managed by  
17 Healthcare Conglomerates Associates, LLC (“HCCA”) pursuant to the terms of the Management  
18 Services Agreement entered into January 2, 2016 between the District and HCCA (the  
19 “Management Agreement”). Under the Management Agreement, HCCA has access to and near  
20 exclusive control of the District’s bank accounts and the funds held therein. As discussed more  
21 fully in the Motion and supporting declarations, the District has recently learned that HCCA has  
22 misused and misappropriate the District’s funds through unauthorized transfers of such funds to  
23 HCCA and/or the Tulare Local Healthcare District (aka Tulare Regional Hospital)—another  
24 California local healthcare district under the control and management of HCCA. Additionally,  
25 the District has discovered that HCCA mischaracterized certain transactions involving District  
26 funds—transactions more often than not involving payments to HCCA and/or other entities  
27 owned and/or controlled by HCCA’s management.  
28

1 On or about October 11, 2017, the District board voted to terminate and reject the  
2 Management Agreement and install a new management team. Due to HCCA's prior misconduct  
3 and misuse of District funds, the District fears that HCCA may transfer funds out of the District's  
4 accounts if the District sets the Motion for hearing on regular notice. Accordingly, the District  
5 hereby requests that the Court set the Motion for hearing on shortened notice on October 17, 2017  
6 at 2:00 p.m., so the Court may adjudicate the Motion before HCCA has an opportunity to  
7 misappropriate or otherwise dissipate assets of the District.

8 WHEREFORE, the District respectfully requests that the Court enter an order approving  
9 the Application and setting the Motion for hearing on October 17, 2017, at 2:00 p.m. The District  
10 further requests that the Court adjudicate the Motion, or, at minimum, enter an order directing the  
11 District to remove HCCA as a signatory from the District's bank accounts, prior to providing  
12 notice of the hearing on the Motion to HCCA.

13  
14 Dated: October 17, 2017

Respectfully submitted,

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16 **BAKER & HOSTETLER LLP**

17 By: /s/ Michael T. Delaney  
18 Ashley M. McDow  
Michael T. Delaney

19 Attorneys for Debtor  
20 SOUTHERN INYO HEALTHCARE DISTRICT  
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